

In subsection (b) of this section, "legacy" is substituted for "bequest"; this conforms with §1-101 of the Estates and Trusts Article which defines "legacy" as including any property passing by will.

2-311. LIMITATIONS ON ACQUISITION OF OWN STOCK.

(A) LIMIT ON CONSIDERATION.

(1) A CORPORATION MAY NOT PURCHASE OR REDEEM SHARES OF ITS STOCK SUBJECT TO REDEMPTION FOR A CONSIDERATION GREATER THAN EITHER:

(I) THE REDEMPTION PRICE AT THE TIME OF THE ACQUISITION; OR

(II) UNLESS A SINKING FUND OR SIMILAR PROVISION OF THE CHARTER REQUIRES OTHERWISE, THE NET ASSET VALUE PER SHARE.

(2) IN DETERMINING NET ASSET VALUE PER SHARE UNDER THIS SUBSECTION, ASSETS ARE ATTRIBUTABLE TO THE CLASSES OF STOCK IN THE ORDER OF THEIR RESPECTIVE SENIORITY. HOWEVER, IN THE CASE OF REDEEMABLE STOCK THE AMOUNT MAY NOT EXCEED THE CURRENT REDEMPTION PRICE.

(B) HOLDING COMPANIES.

IF AUTHORIZED BY ITS CHARTER, A CORPORATION THE BUSINESS OF WHICH SUBSTANTIALLY CONSISTS OF HOLDING, INVESTING, OR REINVESTING IN STOCK OR SECURITIES OR A CORPORATION WHICH IS ORGANIZED FOR THAT PURPOSE MAY REDEEM OR PURCHASE SHARES OF ITS OWN STOCK FOR CONSIDERATION NOT EXCEEDING:

(1) THE PROPORTIONATE INTERESTS OF THE SHARES OF STOCK IN THE ASSETS OF THE CORPORATION; OR

(2) THE CASH EQUIVALENT OF THE PROPORTIONATE INTEREST OF THE SHARES OF STOCK IN THE ASSETS OF THE CORPORATION.

(C) INSOLVENCY.

A CORPORATION MAY NOT PURCHASE OR REDEEM ANY OF ITS STOCK IF THE CORPORATION IS INSOLVENT OR THE TRANSACTION WOULD CAUSE THE CORPORATION TO BECOME INSOLVENT.

(D) HOW ACQUISITION CHARGED.

EXCEPT FOR AN ACQUISITION UNDER §2-310(C) OF THIS SUBTITLE OR SUBSECTION (A) OR (B) OF THIS SECTION, A CORPORATION MAY PURCHASE OR REDEEM ITS STOCK ONLY OUT OF